

## Message Text

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INFO AMEMBASSY BANGKOK  
AMEMBASSY BRUSSELS  
AMEMBASSY CANBERRA  
USMISSION GENEVA  
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AMEMBASSY TOKYO  
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TAGS: ASEAN

SUBJECT: U.S.-ASEAN ECONOMIC CONSULTATIONS: DISCUSSIONS  
ON MAJOR NORTH-SOUTH ISSUES

REF: STATE 158276

AMPLIFYING OUR COMMENTS FORWARDED IN REFTEL, THE FOLLOWING IS A MORE DETAILED OUTLINE OF OUR IDEAS ON THE SCOPE OF THE DISCUSSIONS WE ENVISAGE ON THE SUBJECT OF COMMODITIES AND A COMMON FUND UNDER AGENDA ITEM 5. A SECOND, BRIEFER PAPER COVERING THE SECOND PART OF AGENDA ITEM 5 WILL FOLLOW SHORTLY. PLEASE CONVEY THESE PAPERS TO MRS. MANALO.

EXCHANGE PAPER - COMMODITIES AND A COMMON FUND  
INTRODUCTION

1. THE U.S. BELIEVES THAT THE COMPREHENSIVE DISCUSSIONS ON INTERNATIONAL COMMODITY POLICY NOW GOING ON IN UNCTAD FORM A MAJOR ELEMENT OF THE NORTH/SOUTH DIALOGUE. WE ALSO RECOGNIZE THAT TH- ASEAN COUNTRIES HAVE PLAYED A CONSTRUCTIVE PART IN THESE DISCUSSIONS, PARTICULARLY WITH RESPECT TO RUBBER, COPPER AND TIN. WITH THIS IN MIND, THE U.S. DELEGATION LOOKS FORWARD TO A THOROUGH EXCHANGE

OF VIEWS WITH THE ASEAN REPRESENTATIVES ON BOTH GENERAL AND SPECIFIC COMMODITY ISSUES. WE WILL BE PREPARED TO DISCUSS THE NEGOTIATIONS ON A COMMON FUNDING ARRANGEMENT TO SUPPORT INDIVIDUAL COMMODITY AGREEMENTS AND ALSO THE PROBLEMS RELATED TO SEVEN SPECIFIC COMMODITIES OF INTEREST TO ASEAN MEMBERS. OUR HOPE IS THAT SUCH AN EXCHANGE WILL PROVIDE A CLEARER UNDERSTANDING OF THE INTERESTS OF BOTH LIMITED OFFICIAL USE

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PRODUCER AND CONSUMER NATIONS IN THE COMMODITY FIELD. WE ALSO INTEND TO TAKE ADVANTAGE OF THIS OPPORTUNITY TO EXPLORE A RANGE OF FEASIBLE ALTERNATIVE SOLUTIONS TO THE COMMODITY PROBLEMS AFFECTING THE U.S. AND THE ASEAN COUNTRIES.

2. A COMMON FUND

GIVEN THE IMPORTANCE OF THE NEGOTIATIONS ON A COMMON FUND, THE U.S. DELEGATION WILL BE PARTICULARLY INTERESTED IN DISCUSSING THE PRESENT STATE OF PREPARATIONS FOR THE NOVEMBER SESSION OF THE UNCTAD NEGOTIATING CONFERENCE.

3. TIN

THE U.S. DELEGATION WILL BE PREPARED TO DISCUSS CURRENT CONDITIONS IN THE INTERNATIONAL TIN MARKET. WE WILL BE PARTICULARLY INTERESTED IN LEARNING OF SPECIFIC ACTIONS BEING CONSIDERED BY PRODUCING COUNTRIES FOR INCREASING TIN PRODUCTION, IN ACCORDANCE WITH A RESOLUTION RECENTLY PASSED BY THE INTERNATIONAL TIN COUNCIL. THE U.S. ALSO WISHES TO EXCHANGE VIEWS CONCERNING THE FUTURE OF THE

INTERNATIONAL TIN AGREEMENT. FINALLY, OUR DELEGATION WILL BE INTERESTED IN DISCUSSING THE MOST APPROPRIATE METHOD FOR THE U.S. TO MAKE ITS CONTRIBUTION TO THE BUFFER STOCK UNDER THE INTERNATIONAL TIN AGREEMENT.

#### 4. RUBBER

THE U.S. DELEGATION WILL BE PREPARED TO REVIEW THE PROGRESS MADE TO DATE IN THE UNCTAD TALKS ON RUBBER. WE PARTICULARLY WANT TO DISCUSS THE NATURE OF A POSSIBLE RUBBER AGREEMENT INCLUDING THE MECHANISM OF AN INTERNATIONAL BUFFER STOCK TO STABILIZE PRICES. THE U.S. ALSO LOOKS FORWARD TO DISCUSSING PREPARATIONS FOR THE SCHEDULED MEETINGS OF THE UNCTAD INTERGOVERNMENTAL TASK LIMITED OFFICIAL USE

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FORCE ON RUBBER.

#### 5. COPPER

THE U.S. DELEGATION LOOKS FORWARD TO EXCHANGING VIEWS ON THE PROGRESS REALIZED IN THE UNCTAD COPPER DISCUSSIONS THUS FAR. IN PARTICULAR, THE U.S. CONSIDERS THAT IT WOULD BE USEFUL TO DISCUSS THE NEED FOR AND THE FEASIBILITY OF AN INTERNATIONAL COPPER AGREEMENT, IN VIEW OF THE ANALYTICAL WORK BEING DONE BY THE INTERGOVERNMENTAL GROUP OF EXPERTS ON COPPER (IEGC). WE WILL ALSO SEEK TO CLARIFY OUR PROPOSALS FOR A PRODUCER/CONSUMER FORUM FOR COPPER AND THE ROLE THAT SUCH A FORUM COULD PLAY IN ADVANCING THE UNCTAD DISCUSSIONS. FINALLY, THE U.S. IS INTERESTED IN EXPLORING, IN A CREATIVE WAY, IDEAS ON POSSIBLE INTERNATIONAL COOPERATION WITH REGARD TO COPPER WHICH TAKES INTO ACCOUNT THE ECONOMIC AND STRUCTURAL COMPLEXITIES OF THE INDUSTRY AND THE INTERESTS OF THE VARIOUS PARTICIPANTS IN THE COPPER DIALOGUE.

#### 6. SUGAR

THE U.S. APPRECIATED THE ACTIVE ROLE PLAYED BY THE PHILIPPINES AND THAILAND DURING THE LONDON SUGAR CONSULTATIONS IN LATE JULY. WE LOOK FORWARD TO REVIEWING THE RESULTS OF THOSE CONSULTATIONS WITH THE ASEAN DELEGATIONS, AND ALSO TO DISCUSSING THE PROSPECTS FOR THE RENEWED U.N. SUGAR CONFERENCE, WHICH BEGINS IN GENEVA ON SEPTEMBER 12. WE HAVE A PARTICULAR INTEREST IN EXCHANGING VIEWS AS TO WHAT MAY BE EXPECTED TO EMERGE FROM THE SEPTEMBER NEGOTIATIONS AND THE POSITIONS WHICH WILL BE TAKEN BY INDIVIDUAL GOVERNMENTS. THE U.S. DELEGATION WILL BE PREPARED TO DISCUSS EVENTS AFFECTING THE INTER-LIMITED OFFICIAL USE

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NATIONAL MARKET FOR SUGAR SINCE THE JULY CONSULTATIONS, INCLUDING THE U.S. DOMESTIC SUPPLY AND LEGISLATIVE SITUATIONS. WE WILL ALSO OUTLINE THE VIEWS AND PROPOSALS WE WILL PRESENT IN GENEVA ON THE SPECIFIC SUBJECTS OF STOCK SIZE AND FINANCING, THE STABILIZATION FUND, AND THE QUOTA AND PRICE MECHANISMS.

#### 7. TROPICAL TIMBER

WE WILL BE INTERESTED IN REVIEWING PREPARATIONS FOR THE SCHEDULED NOVEMBER MEETING OF THE GROUP OF EXPERTS SET UP BY THE FIRST UNCTAD PREPARATORY MEETING ON TROPICAL TIMBER. THE U.S. LOOKS FORWARD TO EXCHANGING VIEWS WITH THE ASEAN DELEGATIONS CONCERNING THE MOST APPROPRIATE WORK PROGRAM WHICH THE EXPERT GROUP MIGHT FORMULATE FOR THE SECOND UNCTAD PREPARATORY MEETING, NOW SCHEDULED FOR JANUARY 1978. IN ADDITION, WE WOULD LIKE TO DISCUSS THE CONTRIBUTION WHICH MIGHT BE MADE TO THE UNCTAD PROCESS BY THE WORK OF THE PROPOSED INTERNATIONAL TROPICAL TIMBER BUREAU, PARTICULARLY IN LIGHT OF THE EXISTING ACTIVITIES IN THIS FIELD BEING PURSUED IN SUCH OTHER FORA AS THE FAO AND THE SOUTH EAST ASIAN LUMBER PRODUCERS ASSOCIATION.

#### 8. HARD FIBERS

THE U.S. DELEGATION WILL BE PREPARED TO REVIEW THE COURSE OF THE UNCTAD DISCUSSION OF HARD FIBERS THUS FAR, AND TO EXCHANGE VIEWS AS TO THE MOST USEFUL WORK PROGRAM WHICH MIGHT BE FOLLOWED IN THE FUTURE. WE WOULD BE PARTICULARLY INTERESTED IN THE VIEWS OF PRODUCING COUNTRIES AS TO THE FEASIBILITY OF SUGGESTIONS PUT FORWARD TO DATE ON SPECIFIC HARD FIBERS, TOGETHER WITH THE PROSPECTS FOR EVENTUALLY CONCLUDING A WORKABLE AGREEMENT ON THESE COMMODITIES.

#### 9. THE U.S. CONSIDERS THAT THE MOST CRITICAL NEED AT

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THIS STAGE OF THE DISCUSSION REMAINS THAT FOR THOROUGH ANALYSIS OF MARKET PROBLEMS AND PROPOSED SOLUTIONS. IN THIS CONTEXT, WE BELIEVE THAT THE SCHEDULED MEETING OF EXPERTS IN OCTOBER SHOULD CONCENTRATE INITIALLY ON EFFORTS TO CLARIFY THE PROBLEMS AFFECTING INTERNATIONAL TRADE IN HARD FIBERS. WE WOULD LIKE TO PROPOSE THE FOLLOWING AS APPROPRIATE SUBJECTS WHICH MIGHT BE TAKEN UP DURING

THE OCTOBER MEETING:

-- MEASURES TO IMPROVE THE COMPETITIVENESS OF HARD FIBERS;

-- STUDIES OF THE DEMAND AND PRICE PROSPECTS FOR HARD FIBERS;

-- MEASURES TO DEVELOP NEW END-USES FOR HARD FIBERS, AND

-- CAUSES OF PRICE INSTABILITY AND ITS IMPACT ON PRODUCTION AND THE MARKETING OF HARD FIBERS AND HARD FIBER PRODUCTS.

10. VEGETABLE OILS AND OILSEEDS

THE U.S. DELEGATION WILL BE PREPARED TO DISCUSS THE OUTCOME OF THE FIRST UNCTAD PREPARATORY MEETING ON VEGETABLE OILS AND OILSEEDS AND THE WORK NOW UNDERWAY IN ANTICIPATION OF THE SECOND PREPARATORY MEETING. WE PROPOSE TO EXCHANGE VIEWS WITH ASEAN CONCERNING THE NEED FOR A CAREFUL ASSESSMENT OF THE FUNCTIONING OF EXISTING MARKETS FOR OILSEEDS, OILS, AND FATS. WE WILL ALSO WISH TO DISCUSS THE IDENTIFICATION OF SPECIFIC PROBLEMS IN THOSE MARKETS, THE EVALUATION OF THE FUTURE MARKET OUT-LIMITED OFFICIAL USE

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LOOK FOR THESE PRODUCTS, AND THE PROSPECTS FOR PRIVATE AND PUBLIC INVESTMENT IN OILSEED INDUSTRIES. WE WOULD WELCOME A DISCUSSION OF PARTICULAR PROBLEM AREAS IN THESE MARKETS WHICH THE ASEAN NATIONS HAVE IDENTIFIED AND

BELIEVE SHOULD BE ADDRESSED MORE FULLY AT THE SECOND UNCTAD PREPARATORY MEETING.  
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## Message Attributes

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